

**PROPERTY TAX INTERIM COMMITTEE
EMMETT, IDAHO
AUGUST 24, 2005
7:00 P.M.**

The meeting was called to order by Cochairman Senator Shawn Keough at 1:00 p.m. Other members present were Cochairman Representative Dennis Lake, Senator Brad Little, Senator John Goedde, Senator Tim Corder, Senator Monty Pearce, Senator David Langhorst, Senator Elliot Werk, Representative Bill Deal, Representative Mike Moyle, Representative Gary Collins, Representative Eric Anderson, Representative Wendy Jaquet and Representative George Sayler. Staff members present were Mike Nugent, Paige Parker and Toni Hobbs.

Others present were Edith Sawyer; Mayor Marilyn Lorenzen, City of Emmett; Greg Himes, Gem County Assessor; Connie Goins, Gem County Treasurer; Lan Smith, Gem County Commissioner; Michele Sherrer, Gem County Commissioner; Representative Kathy Skippen, District 11; Bob Taunton, SunCor; Joy and L.J. Dixon; Diana Thomas, Washington County Commissioner; Frances McCall; Marion Henderson; Bob Towery, City of Emmett; Larry Church, Betty Dressen, Max Slysta and Bob MacKenzie, Payette County; Jerry White, Shoshone County; Karen Campbell; Steve Purvis, City of Boise; Linda Jackson, Gem County Chamber of Commerce; George VanLeuven; Deborah and John Rouwenhorst; Dean Charters, Charters Farms; Representative Carlos Bilbao, District 11; Greg Stone; Dennis White, City of Emmett; Maria Salazar; Teresa Jeffrey, Benewah County; Sheldon Bluestein; Rick and Leni Weekly; Bob McQuade, Ada County Assessor; Trudy and Richard Jackson; Chuck Chohrach; Steven Thayn; Michael McEvoy; Jim Little; Larry Harshfield; Brian and Ann Stone; Dennis Tanikuni, Farm Bureau; Kerry Ellen Elliott, Idaho Association of Counties; Bob Hawthorne; Brad and Shelly Hawkins-Clark; Greg Kersho; Heidi Aidy; Max Vaughn; Farrin Farnsworth; Marvin Richardson and Bob Towery, Emmett City Council.

After opening remarks from the cochairmen, **Mr. Dan John, State Tax Commission** was introduced to give a short presentation on how property taxes are figured. This complete presentation is available as an attachment to these minutes at www.legislature.idaho.gov.

Mr. John explained that property taxes are only used to fund local government in Idaho with \$1.14 billion being collected in 2004. This is the largest source of revenue in the state. In 2002, Idaho ranked 31st among the states in terms of the percentage of income that we spent on property tax. This is about 10% below the national average. **Mr. John** said that does not mean an individual's property tax is 10% below or above the national average. This is just the state as a whole.

Property taxes in Idaho are raised using a budget driven model and a rate driven model. The budget driven model is used by all taxing districts in one form or another.

The rate driven model is used as a way of computing the budgets for school maintenance and operation. It is only used by schools and only for maintenance and operations. All other types of school levies (supplemental, bond, plant facilities, etc.) use the budget model.

Mr. John explained that a taxing district's current year maximum budget is limited to the prior year's budget plus 3%. The budget is allowed to increase more than 3% based upon new construction and annexation. Districts are not required to levy to the maximum. If they do not levy the maximum, they end up with a "foregone balance." These districts can go back at a future time and levy for the foregone balance. Increases in value do not automatically result in an increase in tax.

The rate driven model is much different. State law requires school districts to compute the budget for maintenance and operation by multiplying the prior year's taxable value by .003. They have to do this in order to share in the equalization formula used for the money that comes from the state. Unlike the budget driven model, an increase in property value will result in a tax increase of the value increase with a one year delay. If your value goes up this year, you will have a tax increase next year.

Mr. John stated that the budget model is like a balloon. If taxable property value is exempted from the tax base, the property tax bill is shifted to other property taxpayers with the local taxing district being held harmless. Under this set up, if someone gets an exemption, someone else picks up the difference. The district gets the same amount of money.

Under the Rate Driven Model (School District MAINTENANCE AND OPERATION levy), exempting taxable property from the tax base does not cause a shift to other property taxpayers. The loss of tax revenues is absorbed by the School District.

According to **Mr. John**, there are two main reasons why residential property taxes are increasing so rapidly in most taxing jurisdictions. One is the frozen nature of the 50/50 homeowner's exemption, which causes a home's increase in taxable value to exceed the home's increase in assessed value. The second is the Public Schools maintenance and operation levy rate, which when property values rise rapidly, causes increases in tax.

Levies are calculated as follows:

- , Each property is appraised to find its market value.
- , All values within a taxing district (school, city, etc.) are summed.
- , Homeowner's (and other) exemptions are subtracted.
- , The taxing district computes its property tax budget by subtracting other revenue sources.
- , The levy rate is the property tax budget divided by the net taxable value.

$$\text{Example: } \frac{\$ 80,000}{\$10,000,000} = 0.0080 = .80\%$$

Property taxes are collected in the following manner.

1. Levies for your taxing districts are added together:
 - a) County b) School c) City d) Special Districts
2. The total of these levies is multiplied by your taxable value to determine your tax.

Example of Computation

Assume levy = 0.01743 (average urban ooc-residential rate in 2004)

House Value: 60,000

Lot Value: 15,000

Total Value: 75,000

Less Homeowner's Exemption: < 30,000 >

Taxable Value: 45,000

$$45,000 \times 0.01743 = 784$$

$$\text{Effective tax levy: } 784 \div 75,000 = 1.05\%$$

Senator Keough said that the purpose of having **Mr. John's** presentation was to try answer the question of how the property valuation equates to the property tax bill. She explained that Idaho's tax system is known as the "three legged stool" made up of property tax, income tax and sales tax. She added that Idaho has a constitutional framework within which it has to work.

Senator Keough stated that the committee is holding these meetings to listen to citizens regarding property taxes and to listen to suggestions for solutions to the problem. She said that after hearing from citizens in 12 communities throughout Idaho, the committee will meet again this fall to sort through the testimony to decide whether legislation should move forward. The committee will make a report, regardless of whether legislation is prepared, that will go to the entire legislature. She explained that tax bills start in the House Revenue and Taxation Committee and that **Representative Lake** is the Vice-Chairman of that committee.

Senator Keough noted that there is also an initiative process that is being talked about across the state and in her opinion this is a tandem process for those that feel that the legislature is not progressing as it should.

The following people testified.

Mayor Marilyn Lorenzen - City of Emmett

Mayor Lorenzen welcomed the committee to Emmett. She stated that Emmett is in a major growth cycle and they want growth to pay for itself. They have hired a fiscal analysis group to help understand what growth costs the taxpayer in terms of elevated service requirements such as fire,

police, parks, administration, roads and streets, airport, and utility infrastructure and maintenance before property taxes begin paying for these (about a year and a half) expansions of service.

Mayor Lorenzen said what is needed is a simplified (less cumbersome than impact fee structures) way in which to guarantee that long time residents do not bear the burden of growth. Emmett has a large population of low and fixed income residents that are finding it hard to remain in their homes due to the increase in property values and taxes.

Emmett, in the 1970s and early 1980s, opted to keep a low tax base rate, unlike most cities in Idaho. She asked the committee to be careful not to penalize them for that. She suggested some type of multi-tiered property tax as a solution.

Mayor Lorenzen asked them also to please protect other city revenue such as liquor and sales tax. Without a combination of all current revenues, Emmett will not be able to provide for its citizens.

Mr. Greg Himes - Gem County Assessor

Mr. Himes said that while they are seeing increasing property values, they are not increasing to the same extent as elsewhere in the state. While the assessor's group made a pact to not introduce any new exemptions, the state, over the last few years, has enacted many. These include the intangibles exemption, burden of proof, low income housing, Micron, unused infrastructure and timber tax relief. These are not residential property exemptions. He also said that the developer ag exemption needs to be adjusted.

Mr. Himes said that the playing field is no longer level and suggested increasing the homeowner's exemption and adjusting the circuit breaker.

In response to a question from **Senator Goedde** regarding the fiscal impact of all of the exemptions to Gem County, **Mr. Himes** said that Mr. Alan Dornfest from the State Tax Commission would have that exact amount. He stated that the developer/ag exemption took \$900,000 worth of property off of the tax roles in Gem County.

Ms. Connie Goins - Gem County Treasurer

Ms. Goins explained that in 2003 the population in Gem County was 15,000 with an estimated growth rate of 5%. The recent census reported that 68% of Gem County residents commute to Ada or Canyon County for their employment. This causes logistical problems for transportation planning as well as revenue problems for the county. The commercial tax base is extremely low when compared to the high residential rates. Residents pay an extremely large percentage of taxes due to this fact.

Ms. Goins noted that the State of Idaho or the federal government owns nearly 50% of Gem County. The inability for the county to obtain property taxes from these property, yet still providing services is also a struggle. Search and rescue, as well as emergency services are often cited as examples where county dollars are being used without corresponding revenue dollars.

She said Gem County is also seeing large numbers of agricultural land being reclassified into residential property. While more tax revenues are being collected, they are finding residents demand more services than were being required by agricultural fields.

Mr. Lan Smith - Gem County Commissioner

Mr. Smith said that this was the first year he was able to go through the budget process and he found it very educational. He explained that in Gem County local property taxes come from the following:

	Gem County	State
Owner occupied residential	63%	40.5%
Commercial/Industrial	13%	28.7%
Non-Owner-occupied residential	(included above)	21.1%
Operating	4%	4.4%
Agricultural	20%	4.2%
Timber	0%	.9%
Mining	0%	.3%

Gem County's Agricultural classification includes both the house and outbuildings on the agricultural land. Also residential is both owner and non-owner occupied.

Local property taxes are distributed as follows:

	Gem County	State
Schools	40%	42.8%
County	40%	23.1%
City	13%	21.6%
Roads/Highways	included in county	5.3%
All others	4%	4.2%
Fire Districts	3%	3%

Mr. Smith explained that historically levy rates in Gem County have gone down 32% in the last few years. He said there is also a difference between what the county is getting and the voter approved levy rate. That rate is about 10% higher. He said that without the voter approved bonds, Gem County is under one mill.

Mr. Smith went on to discuss HB488 which is the developer exemption. He said that Gem County tries very hard to make sure the people responsible for growth pay their own way. They do not want to have to support development services with property taxes. In his opinion the fees needed to run development services have to come from development. HB488 made this more difficult.

When someone subdivides a property, the majority of costs is for platting of the subdivision and recording. Fees are not generated until building permits are issued and property taxes are not paid until the house is built so it is several years down the road before any money is received. He said that if this continues, Gem County will not be able to have a self supporting development services department.

Ms. Michele Sherrer - Gem County Commissioner

Ms. Sherrer went on to explain where Gem County spends its property taxes. Gem County has 21 different funds in their budget, 11 of which use property taxes in varying amounts. These are the departments that would be impacted by a change in the current property tax system.

Fund	Percentage of Property Tax
Current (includes Clerk, Assessor, Treasurer, Commissioners, Coroner, Building/Grounds, Disaster Services, Parks/Recreation, Extension, Elections, General, Planning/Zoning, Building, Veteran's Services and City/County Planning)	8.7%
Road and Bridge	21%
District Court	14%
County Fair	100%
Justice Fund	52%
Fair - Building/Grounds	100%
Health District (Gem County's contribution to Southwest District Health)	100%
Indigent	86%
Revaluation	91%
Tort	88%
Weeds	75%

The balance of funds are completely supported by other sources of revenue. These revenue sources included: grants, fees or other taxes. These funds are:

Block Grant/Cigarette Tax
Junior College Tuition
Enhanced 911
Solid Waste
Snowmobile
Waterways
Disaster/Emergency
Insurance Pool

Ms. Sherrer said that staffing is another big issue. She said that while they try to reward employees for doing a good job with raises, they can rarely give more than 2% to 3%. This year they stretched to give a 2% across the board increase. The median amount paid to employees in Gem County is \$25,608. The salary mode is \$21,600.

Ms. Sherrer went on to state that Gem County has not had a foregone balance for many years. County commissioners have been very fiscally conservative levying amounts for only what they need. As a result, when the 3% cap was instituted, Gem County levy limits were very low. Subsequent to that cap the Boise Cascade mill closed shifting those taxes onto the backs of residents. Gem County, in essence, receives only 43% of the levy that would be allowed if the 3% cap were not in place.

She added that the county assessor does a good job calculating assessed values on property and explaining the process to people. He has good cooperation with local realtors in order to get the sales price for homes that are sold. As a result of this, there were relatively low numbers of people that attended the Board of Equalization hearings.

Ms. Sherrer used the example of property taxes being like a balloon. She explained that each year the most that balloon can increase is 3% plus new construction. Once the size of the balloon is set, the only change that can occur is the shape of the balloon. These changes occur due to exemptions that are great for those receiving them, but are shouldered by other taxpayers.

Representative Kathy Skippen - District 11

Representative Skippen reiterated that 68% of the residents of Gem County commute to Ada or Canyon County for employment. She said the area does not have a strong commercial or industrial base but it has homes. Homes and people who live in them use county services that are supported with property tax dollars.

She cautioned that an increase in the homeowner's exemption would reduce their tax base even further. She said the solution to the property tax problem that treats every county the same way will not be a good solution.

Representative Skippen explained that anytime the property tax system is changed, the burden is shifted to someone else. In Gem County they are being shifted from agricultural property that is assessed lower but also requires less services to residential. This requires the county to provide

more services because the homes in this community do not pay for the services they require.

Representative Lake commented that it seems the Gem County got caught with very low rates when the 3% cap was put in place. He asked if the cap was removed, would Gem County increase their tax rates. **Representative Skippen** said she does not think so. In her opinion, property taxes are a local issue. She said that every taxing district has an elected board and if someone thinks their taxes are increasing in an improper manner, they should elect a different board. It is up to those boards to establish the budgets and the tax levy based on that budget. Those local elected officials are who should be held responsible.

Ms. Diana Thomas - Washington County Commissioner

Ms. Thomas reminded the committee that her county borders Oregon which has no sales tax. She explained that Washington County is experiencing even slower growth than Gem County. She does not necessarily want to see high growth in her community. Although it is not happening currently, many people are seeing increases in property values and taxes. There are some people moving into the area to retire and these people are paying higher prices for property. She added that these people are not bringing businesses or jobs to the community so it puts undue pressure on the long time residents by increasing their property values and taxes. There is no one size fits all solution to this problem. Washington County is even too far from Boise to be a bedroom community.

Representative Jaquet said she would like to get information regarding the cap Washington County has on property tax replacement for the school district. She finds it interesting because even though it is a slow growth county it has high property values that affect how the school formula works. **Ms. Thomas** said she would send that information.

In response to a question from **Senator Little**, **Ms. Thomas** said that one person attended their county budget hearings other than county employees.

Ms. Debra Rouwenhorst

Ms. Rouwenhorst moved to Idaho four years ago from Arizona where they had a dairy farm for 40 years. In Arizona when speculators came in and bought agricultural land for development, they let the land go fallow instead of farming it in order to keep the ag exemption. In order to stop this from happening, Arizona gave farmers an affidavit of farming to be filled out annually to show that there was actually farming taking place on the land. This was verified by an accounting service and with an actual appraisal.

Mr. Dean Charters - Charters Farms

Mr. Charters said that he was one of the people that filed an appeal with the Board of Equalization regarding his property value in the last few years. His appeal was denied.

He thanked the Legislature for the personal property exemption for agriculture. He said it was very helpful to farmers. He said there are very few young people still farming in the area. In his opinion property taxes need to be equalized but the Board of Equalization is not a fair process. He said there are not many appeals in Gem County because everyone knows they will be denied.

Mr. Charters said he would hate to have to sell his farm to pay the property taxes because of people moving in here and raising property values.

Representative Carlos Bilbao -District 11

Representative Bilbao said that he was speaking more as a resident of the area rather than a Representative. Nationwide property taxes are the number one issue most legislatures are going to be looking at this year. Research he has done has shown that personal income has increased about 1% while property tax has increased 25%. He has also found that Proposition 13 in California and Proposition 2.5 in Massachusetts did not solve the entire problem.

Representative Bilbao said that more demand on services means more demand on taxes. Government lives by taxes alone. Everyone needs to remember that.

He offered the following solutions.

- , Transfer taxes based on property values paid by the buyer and seller when a house is purchased. Pennsylvania is 69% ahead of their projections since they changed this.
- , Progressive property taxes. The rate climbs with the value of the sale price.
- , Eliminate property taxes altogether and increase the sales tax.
- , Charge a consumption tax and do not allow any exemptions.
- , Increase the homeowner's exemption to \$70,000 on a sliding scale.
- , Allow an agriculture exemption for people who actually still farm. This is still an important part of the state.
- , Look at all of the exemptions that are given and make sure they are still really necessary.

He said that as legislators, they have a responsibility to the taxpayers to provide them with a decent living and a decent home at a reasonable price. In his opinion the reasonable price does not exist because of property taxes.

Mr. Dennis White - Emmett City Council

Mr. White stated that when the 3% cap was instituted on budget increases it hurt Emmett and Gem County because their rates were already so low. He said the levy rates are still low and wanted the committee to remember that before making any changes.

He also said to be careful in allowing local option taxes because they will not work in all areas. He suggested that if local option tax is considered, taxes be held in reserve until the next year to help lower property taxes.

Mr. White also suggested that property values be on a three year moving mark so that all values rise at the same time.

He also suggested simplifying the development impact fee statute.

Mr. Bob McQuade - Ada County Assessor

Mr. McQuade said that when he went to work for Ada County he thought sales tax was a much better system. Today, after 25 years in the business, he believes in the property tax system for local government. At the local level, property taxes bring stability to the service delivery.

Mr. McQuade pointed out that taxes are the way of paying for services. The question is how to allocate the payment of those services. In his opinion the market value system in Idaho is a good way to do this. He would like to see it continue at current market value.

In response to a question from **Representative Jaquet** regarding full sales price disclosure, **Mr. McQuade** said it was very important because it makes it easier to find market value.

Representative Anderson asked for the Assessor's Organization position on expanding the homeowner's exemption. **Mr. McQuade** said they are in the process of drafting a resolution in support or opposition to that. He said he would get that to the committee at a later date. **Representative Anderson** asked for his opinion of what impact increasing the homeowner's exemption would have on counties such as Gem County. **Mr. McQuade** said he was not sure how that would affect them. It would depend on how it was implemented.

In response to a question from **Senator Corder**, **Mr. McQuade** explained that current market value does provide a more fair allocation of funds rather than a system like California that has a cap on the tax paid. **Senator Corder** said that high growth areas are critical of market value because the value is based on an artificial number that won't be realized until the home is sold. **Mr. McQuade** disagreed and said there is a lot of information available to assessors to assist them in getting the correct market value. **Senator Corder** asked how a home valued at \$1 million that is a scraper can be considered valued at fair market value. **Mr. McQuade** said he thinks those values can still be considered indicators. It tells him that the land itself is worth \$1 million not including the structure.

Mr. Richard Jackson

Mr. Jackson said the while standing in line to see the Vice President of the United States the people were discussing property taxes. Following are some of the comments he heard.

Real estate is rising in value very quickly in numbers that are shocking.

The present "system" requires that an assessor reevaluate property every five years with audit review by the State Tax Commission so there is pressure for fair market values in the assessment. The system is mechanical for increasing values to be in compliance with law. Former legislator Don Loveland always looked at the three legged stool and the long term stability of the property tax for cities, counties and school districts. He felt the consistency and stability was important as a funding source to government agencies.

Mill levies should coordinate to the government entity budget, but does the public understand the connection?

Statewide and especially in high growth areas, there is inadequate infrastructure to provide the services the public demands. These areas are always playing catch up.

The demand for services drives the budgets. Everyone he spoke to cited examples of needs within their communities that would consume new tax dollars because most are behind on

infrastructure development.

A revision of property tax is a shift unless there is a decrease in services.

The general public perceives that property taxes are too high and are going up by 100% or more a year. They cannot afford the tax. Some native Idahoans cannot afford to live in their communities.

Gem County and other rural counties are changing rapidly. Gem County is now a suburb of Ada County. The agricultural face is totally changing and we are really ranchettes and horses and five acres.

Gem County was caught up in the freeze and limitations of property tax assessment with little option to catch up.

Mr. Jackson offered the following solutions.

Shift the focus of the discussion to how to finance the infrastructure for growth and how to develop the needed services and assets to provide for the economic governmental units. Use long term budgets to show the maintenance cost for the future.

Any change in current law should maintain the ability and flexibility for county government, city government and school funding to catch up and/or allow for growth.

Based on costs, what is efficient, what is not and how it is going to be funded and/or paid for? Can taxation match people problems to people taxation, infrastructure to property tax and a proper progressive income tax structure? Then look at fair share and equitable taxation across the population, business, income, sales and use and property tax.

Develop a contingency plan in case the bubble pops.

Educate the public so they understand the taxation (extraction) process and how shifts will occur.

Idaho must be open for businesses but in his opinion small businesses are what drives our communities.

Senator Langhorst said that if Idaho was to try to selectively give elderly people an exemption on their property tax, it would shift the burden elsewhere. Instead of giving an exemption there is also the possibility of deferral until the home is sold or the person dies. He asked how this works in Oregon. **Mr. Jackson** said the example he saw in Oregon was a low income setting. The mother had lived in the house and lived to be quite old. When the house was sold the property taxes were caught up to date for 15 years. The county received a windfall but the estate was not happy. He said he is also concerned with what happens at the back-end with Medicaid.

Mr. Steven Thayn

Mr. Thayn is a teacher at Vallivue High School. He said that public education is a logical place to start when looking at reducing government expenditures. In Gem County 35% of the property tax goes to education. He offered the following ways to reduce public education spending.

Give minimum competency diplomas once a student passes the ISAT and allow students to move on if they so desire. A poll of his students showed about 15% would choose to move on to a technical program or to go to college early.

Allow high school students to attend school for only four hours a day. That would allow school districts like Meridian to have two shifts of students per day. Most people do not attend college seven hours a day.

Parents should be encouraged to teach their children how to read before they come to school. If students knew how to read before coming to school, Kindergarten, 1st and 2nd grade could become optional. Reading is the foundation of education and should be taught by parents. Literacy rates have fallen drastically since turning the teaching of reading over to schools. This would also strengthen the family structure and eventually cut down on crime and the need for more prisons.

He encouraged the committee to look at cutting budgets as a way to solve the property tax problem.

Mr. Michael McEvoy

Mr. McEvoy agreed with **Mr. Thayn** that the committee should look at reducing budgets as a possible solution. He also commented that agriculture would be heavily impacted by an increase in the homeowner's exemption.

Mr. McEvoy pointed out that when a bond election is held, the majority of voters do not own homes. The system is set up where one group votes for the tax while another group pays it.

He said that before the personal property exemption was placed on agricultural equipment, they were actually paying a tax on their occupation because that is why you own the property.

Mr. McEvoy said he does not oppose exemptions that help restore equity if an inequity exists. In his opinion, if the value of a home goes up substantially over time, the services that home requires have not changed. So why should the taxes that provide those services change. He asked what is really happening to those taxes. Taxes should be charged based on the services required, not based on the value of the property.

Mr. McEvoy said that short term expenditures should not be financed by long term bonds such as is happening with the school bond election today in Emmett. He asked the Legislature to try to adjust the laws in this area. He also said that scheduling other activities at the school the day of a bond election is unfair electioneering.

Mr. Farrin Farnworth

Mr. Farnworth said the biggest problem right now is government spending. Laws have been changed to allow local governments to raise fees or change taxes without having to get legislative approval.

Mr. Farnworth owns property in three counties but has no voting rights in any of them even though he is required to pay taxes in all of them. He thinks the law should be changed to allow people who own property and have to pay taxes in any county to vote in that county. He also owns a mobile home park with 38 residents. He pays the majority of the taxes on these homes because he wants the residents to be able to afford to live there. If property taxes continue to increase, many people

will become homeless.

Mr. Farnworth commented that when the sales tax was first adopted, it was to save the schools. It did not. Then the lottery was instituted and it was going to solve all of the problems with school funding. Instead 30% to 35% of property taxes are going to schools. He said that if we were able to use the \$13 million the lottery takes in for schools, the school districts would be in much better shape. Where is that money going? If schools were taken off of property taxes, people would be paying for services that are necessary such as fire and police.

Mr. Farnworth said he does not agree with full sales price disclosure because it violates people's privacy.

Senator Goedde asked if school funding is taken off of property tax, where would he suggest the \$1 billion be made up. **Mr. Farnworth** said that sales tax and the lottery were supposed to solve this problem. In his opinion the sales tax is a much fairer tax because it is based on ability to pay. He also suggested raising the sales tax if necessary. The lottery also needs to be looked at.

In response to another question from **Senator Goedde**, **Mr. Dan John** stated that a one cent increase in sales tax raises approximately \$190 million.

Mr. Marvin Richardson

Mr. Richardson stated that we are a democratic socialist society and that the committee is trying to be good democratic socialists. In his opinion democratic socialism is collective theft and that is why there are so many problems. The size of government needs to be reduced. If that is not done, western civilization will be destroyed.

He said that he home schools his children. His wife just bought the books for their three children that are currently being home schooled at a yard sale for \$93 from a retired teacher. Usually they have to spend over \$500 for school books. In his opinion home schooling saves money because the children are not using the public schools. The cost for a child in public school is about \$7,000 per year. Not having children use public schools saves this money. He said that most families are not that resourceful or do not have the faith or courage to do this. He added that while he is against public education, the Virtual Academy could be used at home. This would also provide a huge amount of savings in the public school arena.

According to **Mr. Richardson** we need to change our whole philosophy. He and his wife plan to run for office and to keep saying the same thing. After this life there is a great judgment and everyone will be held accountable for their acts in relationship to government. God will ask if you have participated in or promoted collective theft or poor morals in government.

Mr. Richardson reminded the committee it is the reduction of government, not more government that will bring business to Idaho.

Mr. Bob Towery - Emmett City Council

Mr. Towery said that he hopes to be able to spend the rest of his life in Emmett. There are many people in the community that are on a fixed income that does not increase in comparison to the increase in property taxes. This is causing many of them to either run out of money to pay the taxes or to have to leave their home. He asked what responsibility does the Legislature have to that and asked them to remember that in the decision making process.

Mr. Towery lived in California during Proposition 13. It allowed citizens to be able to stay in their homes until they died. He would be in favor of something resembling this for Idaho.

Several people who testified, those who had to leave early and others who could not attend the meeting submitted written comments.

The meeting was adjourned at 9:30 p.m.